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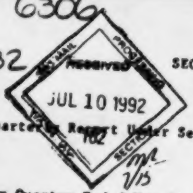

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

92-22621 3

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarter Ended May 31, 1992 Commission File Number 0-7405

MEDISCIENCE TECHNOLOGY CORP.
(Exact Name of Registrant as Specified in its Certificate of Incorporation)

New Jersey
(State or other jurisdiction on incorporation or organization)

22-1937826
(I.R.S. Employer Identification Number)

1235 Folkestone Way, P.O. Box 598, Woodcrest, Cherry Hill, NJ 08034
(Address of principal executive offices)

(Registrant's telephone number, including area code) 609-482-8683

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Registrant has not been involved in bankruptcy proceedings during the preceding five years.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 31, 1992.

Title of Class	Number of Shares Outstanding
Common Stock, par value $.01, per share	19,642,038
Preferred Stock, par value $.01 per share	2,074

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MEDISCIENCE TECHNOLOGY CORP.
MAY 31, 1992

INDEX

		PAGE
PART I.	Financial Information	
Item 1.	Financial Statements	
	Balance Sheets as at May 31, 1992 (Unaudited) and February 29, 1992	1
	Statement of Operations for the Quarter ended May 31, 1992 (Unaudited) and May 31, 1991 (Unaudited)	2
	Statement of Cash Flows for the Period ended May 31, 1992 (Unaudited) and May 31, 1991 (Unaudited)	3
	Statement of Stockholders' Equity for the Period ended May 31, 1992	4
	Exhibit to Statements of Operations	5
	Notes to Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	7
PART II.	Other Information	
Item 1.	Legal Proceedings	
Item 2.	Changes in Securities	
Item 3.	Defaults Upon Senior Securities	
Item 4.	Submission of Matters to Vote of Security Holders	
Item 5.	Other Information	
Item 6.	Exhibits and Reports on Form 8-K (Reference SEC Filing of 5/11/92)	8

MEDISCIENCE TECHNOLOGY CORP.
BALANCE SHEETS
ASSETS

CURRENT ASSETS	May 31, 1992 (Unaudited)	February 29, 1992
Cash	$ 1,560,765	$ 2,201
Accounts Receivable	3,144	1,589
Stock Subscription Receivable	130,000	-
Prepaid Expenses	36,904	-
Total Current Assets	1,730,813	3,790
PROPERTY, PLANT AND EQUIPMENT		
Net of Accumulated Depreciation $17,289 - May 31, 1992; $15,153 - February 29, 1992	28,427	12,357
OTHER ASSETS		
Deferred Private Placement Costs	-	96,548
Goodwill - Net of Accumulated Amortization $80,500 - May 31, 1992; $74,750 - February 29, 1992	379,500	385,250
Total Other Assets	379,500	481,798
TOTAL ASSETS	$ 2,138,740	$ 497,945

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES		
Accounts Payable	$ 2,196	$ 22,706
Other Accrued Liabilities	547,573	642,594
Total Current Liabilities	549,769	665,300
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred Stock - $.01 Par Value; Authorized 50,000 Shrs; Outstanding 2,074 Shrs; (Preference on Liquidation $20,740	21	21
Common Stock $.01 Par Value, Authorized 39,950,000 Shares; Outstanding 19,642,038 Shares	196,420	174,229
Additional Paid-in Capital	11,276,089	9,410,502
Accumulated Deficit	(9,883,559)	(9,752,107)
Total Stockholders' Equity (Deficit)	1,588,971	(167,355)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)	$ 2,138,740	$ 497,945

MEDISCIENCE TECHNOLOGY CORP.
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MAY 31, 1992 AND 1991
(UNAUDITED)

	THREE MONTHS	
	1992	1991
Net Sales	$ 11,556	$ 10,828
Cost of Sales	6,229	6,022
Gross Profit	5,327	4,806
General and Administrative Expense	95,645	56,953
Product Development Expense	32,592	14,933
Advertising, Travel and Marketing	10,088	7,324
Total Expenses	138,325	79,210
Interest Income	1,546	964
Net Loss	$ (131,452)	$ (73,440)
Net Loss Per Common Share	$(.007)	$(.004)
Weighted Average Number of Shares of Common Stock Outstanding	18,532,330	16,881,721

MEDISCIENCE TECHNOLOGY CORP.
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MAY 31, 1992 AND 1991

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (131,452)	$(73,440)
Adjustments for Items Not Requiring Cash Outlay		
Depreciation	2,136	1,066
Amortization	5,750	5,750
Subtotal	(123,566)	(66,624)
Changes in Assets and Liabilities:		
Increase in Accounts Receivable	(1,555)	(7,528)
Increase in Stock Subscriptions Receivable	(130,000)	-
Increase in Prepaid Expenses	(36,904)	-
Increase (Decrease) in Accounts Payable	(20,510)	4,669
Increase in Other Accrued Liabilities	(95,021)	32,500
Net Cash Flows From Financing Activities	(407,556)	(36,983)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Issuance of Common Stock, Net of Costs	1,984,326	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Equipment	(18,206)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,558,564	(36,983)
CASH AND CASH EQUIVALENTS		
Beginning Balance	2,201	98,383
Ending Balance	$1,560,765	$ 61,400

MEDISCIENCE TECHNOLOGY CORP.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MAY 31, 1992
(UNAUDITED)

	PREFERRED STOCK	COMMON STOCK	ACCUMULATED PAID IN CAPITAL	ACCUMULATED DEFICIT
Balance February 29, 1992	$ 21	$174,229	$ 9,410,502	$(9,752,107)
Capital Contributions	-	-	49,997	-
Issuance of Common Stock	-	22,191	1,815,590	-
Net Loss for the Three Months Ended May 31, 1992	-	-	-	(131,452)
Balance May 31, 1992	$ 21	$196,420	$11,276,089	$(9,883,559)

EXHIBIT TO STATEMENTS OF OPERATIONS
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING

	Common Stock $.01 Par Value Issued and Outstanding	Common Stock Equivalents	Number of Shares Outstanding	Weighted Average Number of Shares Outstanding
March 1992	17,422,916	-	17,422,916	
April 1992	18,532,038	-	18,532,038	
May 1992	19,642,038	-	19,642,038	18,532,330

MEDISCIENCE TECHNOLOGY CORP.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 1992
(UNAUDITED)

Note 1 - Results of Operations

The financial statements, in the opinion of management, include all adjustments and accruals necessary for a fair presentation.

The results of operations for each interim period are not necessarily indicative of results to be expected for the year due to the unpredictability of market factors, product development, competition and sales in general.

Note 2 - Other Accrued Liabilities

Included in Other Accrued Liabilities are two long outstanding judgments totaling $353,000. In the opinion of management, the Company has accrued adequate amounts regarding these matters.

The Company has committed to fund approximately $246,000 to the establishment of a Mediphotonics Laboratory at the City College of the City University of New York over a twelve month period beginning June 1, 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

The Company's revenues increased 6% or approximately $700 for the quarter ended May 31, 1992 when compared to the quarter ended May 31, 1991. Current revenues derived from the sale of the Forsterite crystal remained about the same when compared to the prior year quarter ended May 31, 1991. The Company continues to receive interest in specific applications for the crystal by industrial and educational institutions. The Company also continues to receive an increasing flow of royalties from a patent sold several years ago when the Company was recapitalizing. These royalties increased 35%, or approximately $970, for the 1992 fiscal quarter as compared to the 1991 fiscal quarter. As a percentage to sales, gross profit percentage which includes the royalties remained relatively the same at 46% and 44% for fiscal quarters 1992 and 1991, respectively.

General and administrative expenses increased approximately 68% or $38,700 during the quarter ended May 31, 1992 when compared to the quarter ended May 1991. The principal reason for the increase was due to increases in salaries and wages and consulting costs as a result of the Company entering into an employment agreement with it's Chief Executive Officer - Peter Katevatis and a consulting agreement with Dr. Robert Alfano, who is presently the Director of the Institute of Ultrafast Spectroscopy and Lasers at City College of New York. An increase in these costs approximated $31,000 for the quarter with the balance of general and administrative expense increases in professional fees.

The Company increased its product development expense approximately $18,000 during the current fiscal quarter when compared to the 1991 fiscal quarter. The Company is developing light-based medical diagnostic technology products in conjunction with City College of CUNY. During the 1992 fiscal quarter the Company accrued approximately $20,000 to CUNY for reimbursement of development costs. The Company also incurred approximately $12,500 in legal fees associated with patent applications and filing fees.

The Company also increased its advertising, travel and marketing expense 37% for the 1992 fiscal quarter when compared to the 1991 fiscal quarter. The principal reason for the increase was the Company's continued program of public relations in conjunction with its efforts to attain promotional, financial and marketing objectives.

LIQUIDITY AND CAPITAL RESOURCES

During the quarter the Company completed a private placement approximating $2,000,000 in May 1992. As a result the Company's working capital increased approximately $1,842,000 during the current quarter to a positive position of approximately $1,181,000, which is net of some obligations accrued prior to 1981 which may not require current debt servicing. The remaining liabilities primarily consist of accruals for professional fees, wages, research and development costs and public relations, some of which may be satisfied by the issuance of common stock of the Company.

In May, 1992, the Company has entered into a six-month standstill agreement with Bristol-Myers Squibb Co. (BMS) in consideration of the payment to the Company of $40,000. This will allow BMS to complete its business review of the Company in pursuit of its interest in achieving a mutually satisfactory business arrangement. The specific purpose is to commercially employ the Company's proprietary technology of light spectroscopy to diagnose disease less invasively, on a worldwide basis.

The Company believes that the net proceeds of its private placement completed in May, 1992 is sufficient to meet its cash requirements for the next twelve months.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

During the quarter the Company signed an agreement to fund approximately $245,000 to the establishment of a Mediphotonics Laboratory at the City College of the City University of New York. The Laboratory would be the only one of it's kind in the world. The Company also signed an agreement with Sloan Kettering for the conduct of clinical applications and research utilizing a prototype devise developed by the Company for the detection of cancerous tissue.

Item 6. Exhibits and Reports on Form 8-K

On May 8, 1992, the Company entered into a six-month standstill agreement with Bristol-Myers Squibb Co. (BMS) for the consideration of forty thousand dollars ($40,000.00). This will allow BMS to complete its business review of the registrant in support of its interest in achieving a mutually satisfactory business arrangement. The specific purpose is to commercially employ registrant's proprietary technology of light spectroscopy to diagnose disease less invasively, on a worldwide basis. (BMS letter of agreement executed by both parties and filed with the SEC on 5/11/92 is attached and made a part hereof by reference).

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED THEREUNTO DULY AUTHORIZED.

MEDISCIENCE TECHNOLOGY CORP.
(REGISTRANT)

DATE: July 9, 1992

By: _____
PETER KATEVATIS
President/CEO

By: _____
JOHN M. KENNEDY
Treasurer and Secretary
Chief Accounting Officer